

**State Employee Benefits Committee
Tatnall Building, Room 112
Dover, Delaware 19904**

The State Employee Benefits Committee met October 22, 2018. The following people were in attendance:

Committee Members:

Mike Jackson, OMB, Chair
Bethany Hall-Long, Lt. Governor
Saundra Johnson, DHR
Molly Magarik, Designee of DHSS
Mike Morton, CGO
Evelyn Nestlerode, Designee of Chief Justice, Administrator of Courts
Ken Simpler, OST
Stuart Snyder, Designee of DOI
Jeff Taschner, DSEA

Guests:

Faith Rentz, Director, SBO, DHR
Leighann Hinkle, Deputy Director, SBO, DHR
Lisa Porter, SBO, DHR
Andrew Kerber, DOJ
Joanna Adams, Pension Office
Victoria Brennan, CGO
Rebecca Byrd, Byrd Group

Guests (continued):

Cindy Diaz, PHRST
Cherie Dodge-Biron, DHR
Jacqueline Faulcon, DRSPA
Elizabeth Lewis, HG&P
Aaron Schrader, SBO, DHR
George Schreppler, DCSN
Wayne Smith, DHA
Jim Testerman, DSEA-R

Katherine Impellizzeri, Aetna
Carrie Schiavo, Delta Dental
Lisa Mantegna, Highmark
Jennifer Mossman, Highmark
Pam Price, Highmark
Walt Mateja, IBM Watson Health
Kevin Fyock, Willis Towers Watson (WTW)
Chris Giovannello, Willis Towers Watson
Jaclyn Iglesias, Willis Towers Watson
Rebecca Warnken, Willis Towers Watson

Introductions/Sign In

Director Jackson called the meeting to order at 2:00 p.m. Introductions were made.

Approval of Minutes - handout

Director Jackson entertained a motion to approve the minutes from the September 24th SEBC meeting. Controller General Morton made the motion and Secretary Johnson seconded the motion. The motion carried unanimously.

Director's Report – Faith Rentz, Director, Statewide Benefits Office (SBO), DHR

Flexible Spending Account (FSA) open enrollment for the 2019 plan year is scheduled for November 1 through November 16, 2018. This is a once a year opportunity for employees to enroll as elections do not roll over and employees must actively enroll each year. Postcards have been mailed.

SB 139 Follow up of a question from September's SEBC Meeting requesting the percentage of self-insured business that is attributable to the State of DE (SOD) for Highmark and Aetna. SBO learned that 54% of Highmark's self-insured contracts are SOD and 23% are SOD contracts for Aetna.

Lease of the Diamond State Port to Gulf Container acquisition completed 10/3, SBO is working with the Port to assure a smooth transition of medical and prescription coverage for those employees including COBRA notification. Jeff Taschner asked for the number of members in Port GHIP coverage. There are approximately 500 members.

Current Events updates include a change in leadership at Delta Dental. The US Justice Department announced on 10/10 that they will approve the CVS and Aetna merger. In September, Cigna won antitrust clearance to buy pharmacy-benefits manager Express Scripts.

North Carolina's State Health Plan (administered by BCBS of NC) is moving to a reference-based pricing model on January 1, 2020. This pricing model will be structured so that fee schedules will no longer be confidential, with newly-contracted reimbursement rates that are a percentage of Medicare rates. The motivation behind this decision is to increase transparency, to eliminate the potential for members to be balance billed and to reduce overall plan costs. Details are somewhat sparse at this time, but certainly more details will be released in the coming months.

Bayhealth announced on 10/2, its recent acquisition of the Dover Surgicenter, thereby adding an outpatient surgery center to its Kent Campus. The surgery center offers orthopedic surgery, podiatry, general surgery, ENT, gastroenterology, pain management, plastic surgery, and oral surgery at the new Bayhealth Surgery Center. Additional procedures will be added.

Disability Request for Proposal Review – handout - Jaclyn Iglesias, WTW

The State has engaged WTW to assist with a Request for Proposal (RFP) to evaluate vendors for its Disability Insurance Program. Background with an update on the process to date was provided. Key considerations for the Proposal Review Committee (PRC) to discuss with SEBC members was portrayed along with the RFP timeline. Seven vendors submitted intent to bid notifications. Four vendors withdrew before submitting a bid, leaving three vendors. One vendor was removed from finalist consideration leaving two vendors, Hartford and MetLife, who were invited to demonstrate their technology platforms and to participate in interviews before the PRC. Next steps are for the PRC to meet on October 31st to review follow-up questions and responses posed to the finalists vendors, conduct scoring and to develop a recommendation to the SEBC to be presented at the November 13th SEBC meeting. Treasurer Simpler asked if the RFP process also included a review of the disability statute and rules and regulations to determine if modifications could improve program administration. Director Rentz explained that such a review was not included and clarified that the administrative challenges mentioned during the background were primarily a result of the difficulty disability administrators have in providing more than a single fully automated solution for calculating disability benefits. The State's plan design and eligibility applies to Executive branch and public education organizations, many of which have differing contracted work days.

Centers of Excellence Request for Proposal Updates – handout – Kevin Fyock, WTW

Follow up items from the September 24th SEBC meeting included inquiries to the State's medical administrators and SurgeryPlus to determine if a plan design could include a requirement than plan participants contact the carve-out COE vendor. Plan participants would still retain choice in where they obtain COE-eligible procedures and would not be required to use the carve-out COE vendor. The medical administrators are unable to administer such a plan design. SurgeryPlus offered a number of solutions to encourage participant contact with a carve-out COE vendor and these were shared. Key decision points for the SEBC with recommendations of the PRC were reviewed with a vote to be taken at the conclusion of this meeting. Ms. Nestlerode shared comments from the Judicial Branch with their support in the concept of the COE yet not necessarily all of the details in this proposal and suggests to continue to look for a more ideal COE option. Ms. Magarik shared the attractiveness of this proposal is that members can voluntarily participate as there is no mandate, and the SEBC can continue to expand on offering services that focus on quality, member experience and savings for the plan and the members. Mr. Taschner suggested to change "require" members to contact the carve-out COE to "strongly encourage" on slide 2 under PRC recommendations. Dialogue occurred on what would be measured and what would determine the success of the COE carve-out; would this be the number of members utilizing the benefit, average cost per episode compared to costs under the medical plan or quality and outcomes achieved. The subcommittees will help to define the plan design and incentives.

Group Health Financials

Fund Equity Report – September 2018 – Chris Giovannello, WTW

September claims ran close to the budget. Through the first quarter, Aetna & Express Scripts combined are \$2M under budget and Highmark & Express Scripts is approximately \$10M under. This may be due to headcount changes or plan migration. WTW will be able to dive further into the drivers. The balance for the F&E is \$157M with the variance at \$71M.

Long Term GHIP Projections /FY20 Plan Design – Rebecca Warnken & Kevin Fyock, WTW

Ms. Warnken shared this is the same information presented at the September SEBC meeting based on data through

June 2018, projections for FY19 and beyond. WTW is projecting \$15M shortfall by the end of FY20 even if premiums are increased by 2% and claims come in as projected. Quarter 1 is looking favorable so this data will be refreshed once data is received from the carriers, yet WTW doesn't expect the projections to change significantly. The \$15M shortfall is the focus of this discussion and will be at the next few meetings. Mr. Fyock presented an illustrative view of increase premium rates by 2% annually starting in FY20. Five opportunities to offset the projected FY20+ deficit were reviewed. The deadline for SEBC approval to ensure readiness by July 1, 2019 is February 11, 2019. Targeted solutions that address specific health needs or chronic conditions and the leading vendors and programs addressing metabolic syndrome and diabetes were reviewed. The current YMCA & Retrofit Diabetes Prevention Programs (DPP) began through Highmark Delaware and Aetna during FY18; only enrollment data is available. An estimated range of potential savings through implementation of Livongo for Highmark members and the Centers of Excellence through the carve-out vendor, SurgeryPlus is \$1.5M to \$2M. Questions were asked about Weight Watchers and why the program was discontinued. Funding allocated for Weight Watchers was depleted; however, enrollment in the program was favorable.

The remaining budget deficit would need to be addressed through broader plan design changes and/or additional premium rate increases. Every 1% increase in the premiums reduces the FY20 budget deficit by approximately \$8M. Three options in plan designs were shown to initiate discussion. Treasurer Simpler shared it is important to show how SEBC is trying to solve multi-year problems versus just one year, including the use of the surplus; SEBC is not actually solving a \$14.9M problem, it is trying to solve a \$51.6M problem and choosing to use the surplus for 80%. Mr. Taschner asked what other options could be considered that would not result in cost shifting to employees. Mr. Fyock stated the list of levers to pull in the next few months for FY20 are relatively limited, yet options and the cost saving potential of options implemented soon will expand in the out years and help to reduce future year projected deficits. The Lt. Governor shared the All Payers database will be available, at least on the public side, allowing data points to be available from the Medicare and Medicaid side to assist with analysis. Dialogue on benchmarks occurred.

Ms. Iglesias shared the Budget epilogue related active participation in open enrollment. Recommendations for FY20 were presented that included maintaining the approach used in the 2018 open enrollment. Dialogue occurred around member engagement, default enrollment and other tools to assist employees in making decisions. There is interest in better understanding if the approach resulted in changes in the way members utilize their benefits and comparing the engaged employees to those who did not engage. More work will be needed to engage members at a higher level. Mr. Taschner raised concern about exercising the epilogue in a manner that would move non-engaged employees to a lower value plan and how such a strategy may not have the desired outcome. Ms. Magarik suggested that plan design could be a reason for why a default plan is chosen. Treasurer Simpler is interested in understanding if the MyBenefitsMentor is effective at predicting the most appropriate plan for employees. There was general consensus to continue the recommended approach for the 2019 open enrollment.

Subcommittees Assignments

The appointee assignments for the two subcommittees and agenda items for the upcoming four meetings in 2018 for Policy & Planning and Financial were presented. Recurring 2019 meetings will be distributed promptly. Secretary Johnson shared her reservations with one appointee who is a registered lobbyist and further dialogue occurred on this subject. Mr. Kerber said he would research the concerns to confirm whether or not having a registered lobbyist on a statewide committee creates a conflict.

Other Business

Mr. Taschner acknowledged and thanked Ms. Rentz for her assistance to rectify a difficult situation involving a member that was in the hospital awaiting the birth of her child and experiencing issues with medical coverage. Ms. Rentz expressed appreciation also to the Highmark team for their assistance in this matter.

The Lt. Governor announced the Lt. Governor's Challenge on October 25th in efforts to help build a stronger and healthier Delaware.

Public Comments

None

Motion

Ms. Rentz requested a motion to approve agenda item 5 – Centers of Excellence Request for Proposal Updates as presented. Mr. Taschner moved to approve as contained on page 8 of the August 16, 2018 COE document, paragraph 12. Secretary Johnson seconded the motion. Ms. Nestlerode opposed. All other members approved. The motion carried.

Motion

Director Jackson asked for a motion to adjourn the meeting. Ms. Magarik made the motion and it was seconded by the Controller General. The motion carried unanimously. Meeting adjourned at 3:52 p.m.

Respectfully submitted,

Lisa Porter, Executive Secretary
Statewide Benefits Office, DHR